

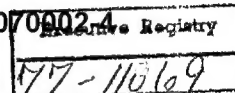


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National Aeronautics and  
Space Administration

Washington, D.C.  
20546

Office of the Administrator



December 21, 1977

Honorable James T. McIntyre, Jr.  
Acting Director  
Office of Management and Budget  
Executive Office Building  
Washington, DC 20503

Dear Jim:

Since you may have missed the Shuttle discussion with the President Monday afternoon, I thought I would document my understanding of the resolution of this important question:

The President decided that an option for a fifth orbiter should be negotiated now under the following conditions: 1) the option is exercisable between 1981 and 1984, 2) there will be no Government liability if the option is not exercised, 3) exercise of the option will require a Presidential decision.

Therefore, on the basis of this decision, NASA will show a runout that includes the cost of maintaining production capability through FY 1983, the last year in which the option can be exercised.

Yours very truly,

Robert A. Frosch  
Administrator

cc:

Dr. Harold Brown  
Adm. Stansfield Turner  
Mr. W. Bowman Cutter

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